

## Message Text

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ACTION EA-10

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TAGS: ETRD, EINV, EMIN, ENRG, JA, AS

SUBJ: GOJ VIEW OF AUSTRALIA-JAPAN MINISTERIAL TALKS

REF: CANBERRA 2843

SUMMARY. FONOFF AND MITI REPS. CONFIRMED REFTEL DESCRIPTION OF CORDIAL ATMOSPHERE OF AUSTRALIA-JAPAN MINISTERIAL TALKS AND INDICATED THAT JAPANESE MINISTERS HAD NOT GONE TO CANBERRA WITH EXPECTATION OF GAINING ANY DRAMATIC CONCESSIONS RE AUSTRALIAN TRADE AND INVESTMENT BARRIERS. GAO ATTITUDES, HOWEVER, HAVE STRENGTHENED VIEW THAT JAPAN SHOULD URGENTLY SEEK WIDER DIVERSIFICATION OF ITS RAW MATERIALS SOURCES. END SUMMARY.

1. GOJ REPS (MACHIDA, AUSTRALIA SECTION IN FONOFF, AND HIRASHIMA, AMERICAS-OCEANIA DIV, MITI) IN SEPARATE BRIEFINGS RE JAPANESE VIEW OF RESULTS MAY 2-3 MINISTERIAL TALKS EMPHASIZED THAT THESE MEETINGS, NOW IN THEIR FOURTH YEAR, HAVE NEVER BEEN CONCEIVED OF AS NEGOTIATGCG SESSIONS. THUS MACHIDA

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CHARACTERIZED AS INAPPROPRIATE A FEW PRESS AND JAPANESE

INDUSTRY COMMENTS THAT MEETINGS HAD NOT PRODUCED RESULTS AND HAD ENDED WITH JAPAN GIVING AWAY SOMETHING (RESUMPTION OF BEEF IMPORTS) FOR NOTHING. HIRASHIMA INDICATED, HOWEVER, THAT ALTHOUGH GOJ HAD PLANNED TO RESUME SMALL-SCALE BEEF IMPORTS ANYWAY, THE MINISTERS HAD HOPED THAT GOA WOULD MAKE SOME RECIPROCAL GESTURE. MACHIDA SAID PRIMARY ACCOMPLISHMENT OF TALKS HAD BEEN THEIR INFORMALITY, IN CONTRAST TO THE EXCHANGES OF FORMAL STATEMENTS CHARACTERISTIC OF EARLIER MEETINGS, AND THE DEGREE OF MUTUAL UNDERSTANDING THE MINISTERS REACHED IN THE COURSE OF THEIR EXTEMPORENEOUS DISCUSSIONS.

2. ACCORDING BOTH GOJ REPS, JAPANESE MINISTERS DID NOT FIND EXPLANATION OF AUSTRALIAN ECONOMIC DIFFICULTIES A CONVINCING RATIONALE FOR IMPORT RESTRICTIONS BUT WERE REASSURED BY GOA EMPHASIS ON TEMPORARY NATURE OF THE BARRIERS AND THEIR EQUAL APPLICABILITY TO ALL TRADING PARTNERS. GOJ DEEPLY CONCERNED ABOUT AUSTRALIAN PROTECTIONISM, THEY SAID, BUT REGARDS IT AS A MANIFESTATION OF NATIONALISM WHICH HOPEFULLY CAN BE KEPT WITHIN BOUNDS OF GATT-OECD THROUGH FIRM BUT MODERATE BEHAVIOR BY AUSTRALIA'S TRADING PARTNERS. HIRASHIMA ADDED THAT TENDENCY OF AUSTRALIAN IMPORT RESTRICTIONS TO ESCALATE AND SPREAD TO INCREASING NUMBERS OF GOODS AS A RESULT OF INTERNAL POLITICAL PRESSURES WAS ESPECIALLY WORRISOME TO MITI.

3. IN GOJ VIEW AUSTRALIAN POLICY OF ASSERTING CONTROL OVER ITS ECONOMY AND RESOURCES WILL NOT BE REVERSED BY FUTURE GOVERNMENTS. BOTH GOJ REPS ACKNOWLEDGED THAT GOA DETERMINATION TO KEEP A FREE HAND IN DEALING WITH FOREIGN CAPITAL AND WITH THE EXPLOITATION OF THE COUNTRY'S NATURAL RESOURCES, AREAS WHERE JAPAN CANNOT EASILY AFFORD TO SET A PRECEDENT OF AGREEING TO RESTRICTIONS, IS THE HEART OF THE DIFFICULTY OVER THE INTERPRETATION OF MFN TREATMENT IN THE NARA TREATY- WHICH THE MINISTERS DID NOT SPECIFICALLY DISCUSS. HIRASHIMA ADDED THAT AUSTRALIAN ECONOMIC POLICIES, HOWEVER, MAKE EARLY CONCLUSION OF THE TREATY ALL THE MORE URGENT IN ORDER TO PUT JAPANESE-AUSTRALIAN TRADE RELATIONS ON AS STABLE AND CORDIAL A BASIS AS POSSIBLE UNDER THE PRESENT CIRCUMSTANCES. HE NOTED THAT GOJ AGENCIES (FONOFF, MITI, AND FINANCNE) HAVE NOT YET COME TO AGREEMENT AMONG THEMSELVES ON A MUTUALLY ACCEPTABLE LIMITED OFFICIAL USE

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COMPROMISE TO OFFER GOA BUT DECLINES TO ELABORATE. ON THE BRIGHT SIDE, GOJ REPS OBSERVED, IS AUSTRALIA'S GROWING ASIA-PACIFIC ORIENTATION (REPLACING BRITAIN AND THE COMMONWEALTH), AND INCREASING SENSE OF AUSTRALIA AND JAPAN AS LEADING PACIFIC DC'S, THE FUNDAMENTALLY COMPLEMENTARY NATURE OF THE TWO ECONOMIES, AND AUSTRALIA'S POTENTIAL, AS LONG AS IT DOES NOT FEEL OVERWHELMED BY FOREIGN CAPITAL OR EXPORTS, TO BE A FORCE FOR MODERATION AMONG RAW MATERIALS PRODUCING COUN-

TRIES.

4. ON SPECIFIC ISSUES THE TOW MADE FOLLOWING COMMENTS:

A. BEEF: GOJ PREPARATIONS TO RESUME BEEF IMPORTS, INCLUDING REVISION OF A LAW BY THE DIET, COMPLETED IN APRIL, PRIOR TO MINISTERIAL MEETINGS. IN DISCUSSIONS WITH AUSTRALIAN MIN OF AGRICULTURE WRIEDT, JAPANESE MIN OF AGRICULTURE ABE STATED HE "HOPED" THAT INITIAL (JUNE) BEEF QUOTA WOULD NOT BE LESS THAN 10,000 METRIC TONS AND THAT AUSTRALIA'S 80 PERCENT MARKET SHARE WOULD BE MAINTAINED. THIS WAS MOST ABE COULD SAY BECAUSE UNDER LAW DETERMINATION OF QUOTA AND ITS APPORTIONMENT ENTRUSTED TO AN INDEPENDENT PUBLIC BODY. ACCORDING MACHIDA, ABE'S STATEMENT REFLECTED CURRENT GOJ ASSESSMENT OF THE MARKET, AND IMPORTS OF AROUND 8,000 MT OF AUSTRALIAN BEEF PROBABLY WILL BE APPROVED IN JUNE WITH ADDITIONAL QUOTA ALLOTMENTS THROUGH THE YEAR IF MARKET CONDITIONS PERMIT.

B. MINERAL RESOURCES: GOJ RECONCILED TO AUSTRALIAN INTENTION OF GAINING INDIGENOUS CONTROL OVER RESOURCES AND RELATED PROCESSING INDUSTRIES, BUT MITI WORRIED THAT IF GOA GIVES TOP PRIORITY TO REDUCING FOREIGN EQUITY IN THE ECONOMY, DEVELOPMENT PROJECTS FOR URANIUM, COAL, BAUXITE, IRON ORE, AND OTHER VITAL RAW MATERIALS MAY BE DELAYED, THREATENING THE SECURITY OF LONG-TERM SUPPLY TO JAPAN. JAPANESE MINISTERS CONVINCED OF SINCERITY OF GOA'S STATED INTENTION OF FULFILLING PREVIOUS URANIUM SUPPLY COMMITMENTS TO JAPAN. MITI, HOWEVER, CONCERNED ABOUT AUSTRALIAN SUPPLY CAPACITY AND HOPEFUL THAT JOINT VENTURE FOR URANIUM ENRICHMENT CAN BE CONCLUDED AS AN EXCEPTION TO GENERAL AUSTRALIAN POLICY OF ELIMINATING FOREIGN PARTICIPATION IN NUCLEAR INDUSTRY. HIRASHIMA REMARKED THAT AUSTRALIAN ATTITUDES HAVE REINFORCED VIEW WITHIN GOJ THAT WIDER DIVERSIFICATION OF RAW MATERIAL SOURCES IS AN URGENT TASK FOR JAPAN.

C. AUTOMOBILES: OFFICIALS SAID GOJ REALIZES THAT UNEX-LIMITED OFFICIAL USE

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PECTEDLY RAPID DETERIORATION OF AUSTRALIA'S ECONOMIC SITUATION IN 1974 HAD RESULTED IN SUBSTANTIAL INCREASE IN JAPAN'S SHARE OF THE AUTOMOBILE MARKET WHICH PROVOKED EXTREME CONCERN IN AUSTRALIAN INDUSTRY AND LABOR CIRCLES.

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## Message Attributes

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